

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7008

BILL NUMBER: SB 503

DATE PREPARED: Jan 9, 2002

BILL AMENDED:

SUBJECT: Mental Health Drugs for Medicaid Recipients.

FISCAL ANALYST: Kathy Norris

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a recipient in the fee-for-service Medicaid program may not be restricted access to mental health drugs.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill provides that a Medicaid recipient may not be denied access to or restricted in the use of a prescription drug for the treatment of a mental illness. This bill codifies a rule currently being promulgated by OMPP.

Enacting the language in statute may result in future increased pharmaceutical expenditures by limiting the flexibility of the Office should it become necessary to revise the rules. However, published research suggests that there is a significant potential for any increased pharmaceutical costs to be exceeded by reduced expenditures in other parts of the mental health system (e.g., emergency mental health services, use of community mental health centers, and partial hospitalization).

Explanation of State Revenues: Medicaid is a cost-shared program with the federal government reimbursing approximately 62% of costs and the state contributing about 38% from General Fund appropriations.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning, Division of Mental Health, and the Division of Disability, Aging and Rehabilitative Services.

Local Agencies Affected:

Information Sources: Amy Brown, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149. Proceedings of the Commission on Mental Health, September and October, 2002.